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February 15, 1994

## BY HAND DELIVERY

Mr. William Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, DC 20554

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FEB 15 1994

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Re: **MM Docket No. 92-266**  
**Supplemental Information re: Programming Costs for**  
**Small Versus Large Cable Operators**

Dear Mr. Caton:

On behalf of the Coalition of Small System Operators, we enclose for filing an analysis of the difference in programming costs for a member of the Coalition and a large operator with more than one million subscribers. This analysis was prepared in 1992. It compares the programming costs paid by a small operator with those of United Artists, then an operator with more than one million subscribers. The analysis illustrates the substantial cost savings available to the largest operators that are able to benefit from volume discounts. The Coalition member has requested that we not disclose its identity.

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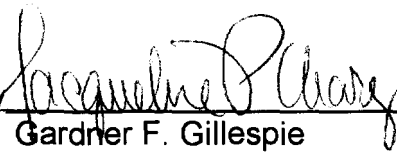
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If there are any questions regarding the enclosed information, please contact the undersigned.

Respectfully submitted,

HOGAN & HARTSON

By   
Gardner F. Gillespie  
Jacqueline P. Cleary

Attorneys for the Coalition of Small  
System Operators

cc: James W. Olson, Esq.  
Andrea Williams, Esq.

# PROGRAMMING COSTS ANALYSIS

1992 United Artists vs 1992 \* Member Company

<u>Basic Programming Channel</u>	<u>United Artists</u>	<u>Member Company</u>	<u>Percent Greater</u>
American Movie Classics	\$0.21	\$0.25	19.0%
Arts & Entertainment	\$0.08	\$0.14	75.0%
Black Entertainment Netwk	\$0.07	\$0.08	14.3%
Bravo	\$0.11	\$0.22	100.0%
Cable News Network	\$0.17	\$0.31	82.4%
CNBC	\$0.10	\$0.10	0.0%
Comedy Television Network	\$0.05	\$0.05	0.0%
Country Music TV	\$0.03	\$0.07	133.3%
C-Span	\$0.03	\$0.04	33.3%
Discovery Channel	\$0.05	\$0.16	220.0%
ESPN	\$0.41	\$0.55	34.1%
Family Channel	\$0.08	\$0.12	55.0%
Lifetime	\$0.03	\$0.14	366.7%
MTV	\$0.05	\$0.20	300.0%
Nashville Network	\$0.07	\$0.20	185.7%
Nickelodeon	\$0.09	\$0.20	122.2%
The Weather Channel	\$0.05	\$0.10	100.0%
Turner Network	\$0.38	\$0.40	5.3%
USA Network	\$0.20	\$0.25	25.0%
VH-1	\$0.00	\$0.02	Infinite
WGN	\$0.02	\$0.10	400.0%
WWOR	\$0.03	\$0.10	233.3%
WTBS	<u>\$0.01</u>	<u>\$0.04</u>	300.0%
TOTAL BASIC PROGRAMMING EXPENSES	\$2.32	\$3.84	65.7%

TOTAL BASIC SUBSCRIBERS                      2,300,000 est.                      24,232

<u>Premium Program Channel **</u>	<u>United Artists</u>	<u>Phoenix Cable</u>	<u>Percent Greater</u>
Home Box Office	\$4.30	\$6.06	40.8%
Showtime	\$4.29	\$5.82	35.8%
Cinemax	\$2.85	\$4.17	46.4%
Disney	\$3.60	\$4.89	35.9%
The Movie Channel	\$5.32	\$4.75	-10.7%
Playboy	\$2.00	\$2.98	49.3%
TOTAL PAY UNITS	UNK	15,537	

\* Member - Coalition of Small Systems Operators

\*\* weighted averages

**UNITED ARTISTS CABLE - NORTHEAST DIVISION  
1992 BUDGET ANALYSIS**

08/26/91

DESCRIPTION	ANNAPOLIS		BALTIMORE		BROOKHAVEN		CONNECTICUT		EASTERN SHORE		MASSACHUSETTS		NEW JERSEY		WESTCHESTER	
	2nd SUBMISSION		1st SUBMISSION		2nd SUBMISSION		2nd SUBMISSION		2nd SUBMISSION		1st SUBMISSION		1st SUBMISSION		1st SUBMISSION	
	8/19/91	8/19/91	8/6/91	8/6/91	8/13/91	8/13/91	8/12/91	8/12/91	8/22/91	8/22/91	8/2/91	8/2/91	8/6/91	8/6/91	8/2/91	8/2/91
	\$ OR UNITS	\$\$\$/AVG	\$ OR UNITS	\$\$\$/AVG	\$ OR UNITS	\$\$\$/AVG	\$ OR UNITS	\$\$\$/AVG	\$ OR UNITS	\$\$\$/AVG	\$ OR UNITS	\$\$\$/AVG	\$ OR UNITS	\$\$\$/AVG	\$ OR UNITS	\$\$\$/AVG

**DEFINITION OF "\$\$\$/AVG"**

**BASIC PRGRM EXP (CONTD)**

COST/AVG BASIC SUB/MO	THE CALIFORNIA CHANNEL	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
COST/AVG BASIC SUB/MO	THE LEARNING CHANNEL	8,926	\$0.03	45,406	\$0.04	27,130	\$0.04	70,992	\$0.04	12,504	\$0.03	0	\$0.00	0	\$0.00	4,482	\$0.00
COST/AVG BASIC SUB/MO	THE WEATHER CHANNEL	13,772	\$0.05	70,055	\$0.05	41,857	\$0.05	109,399	\$0.05	19,291	\$0.05	13,299	\$0.05	123,232	\$0.05	53,146	\$0.05
COST/AVG BASIC SUB/MO	TURNER NETWORK TELEVISION	102,783	\$0.38	512,363	\$0.40	305,790	\$0.39	816,442	\$0.40	143,971	\$0.40	99,251	\$0.40	931,650	\$0.40	386,626	\$0.40
COST/AVG BASIC SUB/MO	USA NETWORK	53,471	\$0.20	271,376	\$0.21	163,017	\$0.21	431,930	\$0.21	75,505	\$0.21	51,409	\$0.21	487,875	\$0.21	207,170	\$0.21
COST/AVG BASIC SUB/MO	VIDEO HITS ONE	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
COST/AVG BASIC SUB/MO	VISN	0	\$0.00	0	\$0.00	23,254	\$0.03	7,371	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
COST/AVG BASIC SUB/MO	WFMT	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
COST/AVG BASIC SUB/MO	WGN	5,152	\$0.02	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
COST/AVG BASIC SUB/MO	WWOR	0	\$0.00	39,179	\$0.03	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
COST/AVG BASIC SUB/MO	WTBS	2,576	\$0.01	13,103	\$0.01	0	\$0.00	18,199	\$0.01	2,979	\$0.01	2,487	\$0.01	23,349	\$0.01	9,970	\$0.01
COST/AVG BASIC SUB/MO	X-PRESS	4,045	\$0.02	18,907	\$0.01	0	\$0.00	30,533	\$0.02	0	\$0.00	3,399	\$0.01	34,460	\$0.01	14,595	\$0.01
COST/AVG BASIC SUB/MO	EXTRA (FOR ANY NEW SERVICES)	9,000	\$0.03	0	\$0.00	0	\$0.00	0	\$0.00	14,739	\$0.04	0	\$0.00	0	\$0.00	0	\$0.00
COST/AVG BASIC SUB/MO	EXTRA (FOR ANY NEW SERVICES)	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
COST/AVG BASIC SUB/MO	EXTRA (FOR ANY NEW SERVICES)	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
COST/AVG BASIC SUB/MO	EXTRA (FOR ANY NEW SERVICES)	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
COST/AVG BASIC SUB/MO	EXTRA (FOR ANY NEW SERVICES)	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
COST/AVG BASIC SUB/MO	EXTRA (FOR ANY NEW SERVICES)	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
COST/AVG BASIC SUB/MO	TOTAL BASIC PROGR EXPENSE	603,852	\$2.26	3,217,356	\$2.49	2,902,732	\$3.75	6,256,989	\$3.09	892,665	\$2.46	568,016	\$2.29	7,369,819	\$3.19	3,253,035	\$3.30

**PREMIUM PROGRAM EXPENSE**

COST/AVG HBO UNIT/MO	HOME BOX OFFICE	508,404	\$4.34	3,500,128	\$4.34	1,578,035	\$4.39	2,972,969	\$4.16	308,529	\$3.63	315,069	\$4.34	6,111,192	\$4.34	2,291,433	\$4.34
COST/AVG SHO UNIT/MO	SHOWTIME	85,740	\$5.32	1,625,726	\$3.83	204,391	\$3.93	1,463,584	\$2.95	42,250	\$3.97	95,459	\$4.64	1,128,854	\$5.63	602,606	\$6.18
COST/AVG MAX UNIT/MO	CINEMAX	0	ERR	1,292,693	\$2.90	395,496	\$2.94	80,108	\$0.15	54,335	\$2.99	46,066	\$2.90	526,872	\$3.01	294,637	\$2.90
COST/AVG DIS UNIT/MO	DISNEY	115,896	\$4.56	490,583	\$3.60	229,071	\$4.11	558,634	\$2.30	33,533	\$1.50	80,045	\$4.50	570,886	\$4.17	280,675	\$4.21
COST/AVG TMC UNIT/MO	THE MOVIE CHANNEL	276,816	\$5.56	789,718	\$4.90	128,588	\$4.28	987,168	\$4.42	44,938	\$4.40	62,508	\$5.74	356,453	\$5.47	1,445,581	\$6.18
COST/AVG PLAYBOY UNIT/MO	PLAYBOY	0	ERR	59,876	\$2.00	0	ERR	59,136	\$2.00	8,330	\$1.94	0	ERR	0	ERR	0	ERR
COST/AVG LOC SPRT UNIT/MO	OTHER PAY-SPORTS #1	153,084	\$5.48	796,596	\$5.31	755,252	\$7.64	177,428	\$4.35	59,121	\$4.41	86,100	\$4.10	1,707,393	\$8.46	655,215	\$7.64
COST/AVG LOC SPRT UNIT/MO	OTHER PAY-SPORTS #2	6,648	\$0.55	0	\$0.00	3,769	\$0.55	0	\$0.00	0	\$0.00	32,406	\$1.00	12,851	\$2.40	0	\$0.00
COST/AVG BRAVO UNIT/MO	OTHER PAY-BRAVO	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	11,294	\$0.55	0	\$0.00	40,753	\$2.45
COST/AVG PAY UNIT/MO	UNUSED	0	\$0.00	29,736	\$0.55	0	\$0.00	293,728	\$0.55	0	\$0.00	0	\$0.00	115,460	\$9,621.67	0	\$0.00
COST/AVG PAY UNIT/MO	TOTAL PREMIUM PROG EXPENSE	1,146,588	\$4.82	8,585,056	\$3.89	3,294,602	\$4.47	6,592,755	\$2.34	551,036	\$3.36	728,947	\$3.44	10,529,961	\$4.80	5,610,900	\$4.97

## 08/26/91

### DEFINITION OF "\$\$\$/AVG"